

Message Text

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PAGE 01 STATE 272056

13
ORIGIN EB-07

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R 042152Z NOV 76
FM SECSTATE WASHDC
TO AMEMBASSY MANILA

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E.O. 11652: N/A

TAGS: EAIR, RP

SUBJECT: CIVAIR - U.S.-PHILIPPINES INFORMAL TALKS

REF : MANILA 16289

1. U.S.-PHILIPPINES DELEGATIONS MET NOVEMBER 1-2 IN
WASHINGTON TO CONTINUE INFORMAL TALKS HELD IN MANILA
OCT 12-13. USDEL WAS ESSENTIALLY SAME GROUP THAT
VISITED MANILA. PHILDEL INCLUDED PACIFICO AGCOAILI;
FELIPE GOZON, PAL LAWYER; AND LEONIDES CADIZ, PHILEMBASSY.

2. PHILDEL CONFIRMED EMBASSY'S REFTEL REPORT THAT
LOS ANGELES HAD BEEN ADDED TO PROPOSED STAGE ONE
PACKAGE AGREED TO IN MANILA. IT WAS CLEAR THAT NEW
INSTRUCTION HAD BEEN RECEIVED FROM HIGHER GOP AUTHORITY.
PHILDEL NOT ONLY UNWILLING TO IMPLEMENT ANY ELEMENTS OF
EXCHANGE UNLESS LOS ANGELES INCLUDED IN ARRANGEMENT,
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PAGE 02 STATE 272056

BUT ACTUALLY REMOVED FLYING TIGERS' PORTION COMPLETELY

UNLESS TOKYO ADDED. USDEL OBSERVED THAT PRELIMINARY EXCHANGE WAS TO DEMONSTRATE GOOD WILL AND TO PAVE WAY TO UNDERSTANDING IN FORMAL TALKS; THEREFORE, WITHOUT FIRST STAGE, SUCCESS OF FORMAL TALKS IS QUESTIONABLE. USDEL FURTHER EXPLAINED THAT LOS ANGELES WAS MAJOR CONCESSION WHICH COULD NOT BE INCLUDED IN PRELIMINARY

MEASURES BUT WOULD HAVE TO BE CONSIDERED DURING FORMAL TALKS. PHILDEL INDICATED THAT IN FORMAL TALKS THEY WOULD SEEK TOKYO AND BEYOND RIGHTS TO CANADA AND MEXICO. WHEN USDEL NOTED THAT TOKYO WOULD BE MAJOR PROBLEM FOR U.S., PHILDEL SAID FORMAL TALKS WOULD BE OF LITTLE VALUE IF TOKYO COULD NOT BE CONSIDERED.

3. TO U.S.' REMINDER THAT OPEN SKIES PROGRAM WAS GOP INITIATIVE, PHILDEL RESPONDED THAT THIS PROGRAM DID NOT PROVIDE FOR CHANGES IN "BEYOND" RIGHTS AND THAT DECREE'S PARAGRAPH 4 RELATING "FREQUENCIES GRANTED" TO "NUMBER OF PASSENGERS DISEMBARKED" REFERRED TO PASSENGERS DISEMBARKED IN PREVIOUS YEARS. THEY MAINTAINED RECORD OF U.S. AIRLINES DID NOT JUSTIFY INCREASED FREQUENCIES BECAUSE OF THEIR LOW SEAT FACTORS.

4. REGARDING DC-10 SEIZURE CASE, PHILDEL REJECTED U.S. ATTORNEY'S OFFER THAT GOP MAKE 50,000 DOLLAR PAYMENT AND DROP ITS RIGHT OF APPEAL. PHILDEL SAID GOP WOULD RATHER RETAIN THIS RIGHT AND TAKE ITS CHANCES WITH APPEAL LITIGATION RATHER THAN PAY 50,000 DOLLARS. HOWEVER, THEY ADDED THAT GOP WAS STUDYING COUNTER-PROPOSAL WHICH WOULD NOT INCLUDE RIGHT OF APPEAL. IN SPITE OF PROTESTS TO CONTRARY, OBVIOUS THAT PHILDEL WOULD RELATE SOLUTION OF DC-10 CASE TO THAT OF PAA MILITARY FREIGHT CASE.

5. PHILDEL URGED USDEL TO STOP IN MANILA DURING ITS TENTATIVELY SCHEDULED TRIP TO SOUTHWEST PACIFIC IN SPRING 1977 IN ORDER TO CONTINUE DIALOGUE. NO DATE WAS SET FOR FORMAL TALKS WHICH WOULD BE SECOND STAGE OF MANILA SCENARIO.

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PAGE 03 STATE 272056

6. COMMENT: AS RESULT OF THESE TALKS, U.S.-PHILIPPINE CIVIL AIR RELATIONS ARE VIRTUALLY BACK TO WHERE THEY WERE BEFORE USDEL VISIT TO MANILA, ALTHOUGH IT APPEARS A MORE FRIENDLY RELATIONSHIP HAS BEEN ESTABLISHED. OPTIMISM DEVELOPED DURING THAT VISIT HAS VANISHED AND 1976 "OPEN SKIES" DECREE APPEARS TO FOLLOW PATH OF ITS PREDECESSORS. USDEL DISAPPOINTED BY GOP CHANGE OF SIGNALS AND FEELS IT MAY HAVE BEEN MISLED IN MANILA.

AT PRESENT TIME FORMAL TALKS WOULD SEEM TO HOLD LITTLE
HOPE FOR SUCCESS, AND ONLY PRESSURE THAT COULD BUILD UP
TO CHANGE GOP'S MIND WOULD BE COSTS INVOLVED IN MANILA
HOTELS REMAINING EMPTY. KISSINGER

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